


AR10



ROMAN CORPORATION

L I M I T E D

1972
Annual
Report



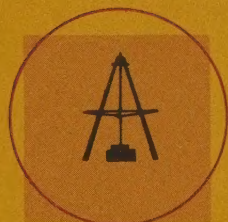
Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Roma0506_1972



Report for the year ended June 30, 1972

Officers and Directors	4
President's Report	5
Balance Sheet	10
Auditors' Report	12
Notes to Financials	13
Financial Statements	14





The
Officers and
Directors
of
Roman Corporation
Limited
are pleased to
present to the
shareholders the
Eighth Annual Report
for the year ended
June 30, 1972.



ROMAN CORPORATION

L I M I T E D



Registrar & Transfer Agent

Guaranty Trust Company of Canada
Toronto, Ontario

Officers

Stephen B. Roman, LL.D.
Chairman & President
John S. Grant, Q.C.
Vice-President
John C. Puhky
Secretary & Treasurer

Directors

John Kostuik, B.Sc.
Harvey J. McFarland, Sr.
Lewis B. Harder
John S. Grant, Q.C.
Charles D. Parmelee
Stephen B. Roman, LL.D.
Arthur F. Mayne
R. A. Rule
Joseph A. Patrick
A. Hoadley Mitchell, S.B.
George B. Heenan

Auditors

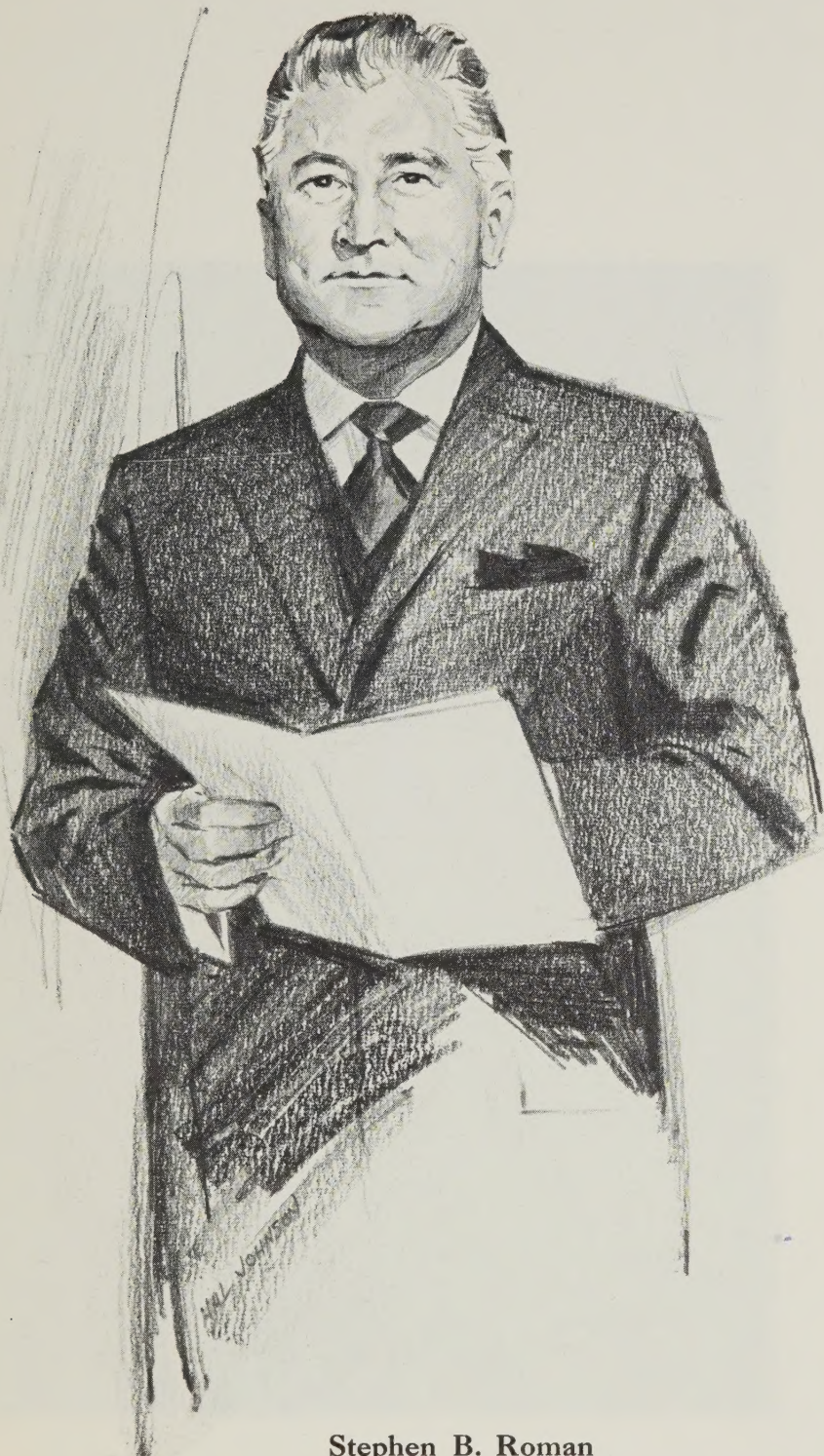
Eddis & Associates
Toronto, Ontario

Bankers

The Royal Bank of Canada
Toronto, Ontario

Head Office

4 King Street West
Toronto 1, Ontario



Stephen B. Roman

President's Report

TO THE SHAREHOLDERS:

It is my pleasure to report to the shareholders on behalf of the Board on the current affairs of the Corporation and for the year ended June 30, 1972.

Earnings for the year, amounting to \$939,000 (36¢ per share) are reported in the financial statements which are included in this report. This compares with the restated earnings of \$967,000 (37¢ per share) for the fiscal year ended June 30, 1971. The difference in profits reported results mainly from a reduction in gains from securities transactions, compensated for, however, by a reduction in operating expenses. Our principal income source was, as usual, dividends from our holdings in Denison Mines Limited which were paid at the same rate as for several previous years.

Dividends received from Denison were slightly higher from the prior year, resulting from a further acquisition of Denison shares during the year. Denison reported consolidated net income of \$2.28 per share for its year ended December 31, 1971. This represented a rise of about 25% from the 1970 year. The reported net profit of Denison for the first half of 1972 was 81¢, down slightly from the similar period of the previous year.

In view of our very important holdings in Denison, we have customarily included in our annual report a resume of Denison's activities and the results of its operations. Earnings from the Denison uranium operations were im-

proved, its oil and gas income was higher than ever before, and there was a substantial increase, indeed an all-time record, in the return from its cement investments. The uranium mine at Elliot Lake produced over 4¼ million pounds of uranium oxide, the highest production level since 1963. Income of the oil and gas division rose some 37% above the previous annual high.

In particular, there has been important progress in Denison's coal exploration and development programmes. These augur well for preparing Denison to play a substantially enlarged role in Canada's energy resources industry. Of the four leading projects in the coal programme, the activity on the Quintette property in British Columbia has been the most advanced. Through a joint venture with Alco Standard Corporation, Denison has completed basic exploration and a production feasibility study is in progress. The report is expected to confirm earlier favourable reports as to quantity and quality of coal in one section of the property, where in total some 2.8 billion tons of coking coal has been indicated. Denison also reports that preliminary programmes have been completed on three other coal properties held under separate licences. Results in all cases have been encouraging.

We continue to hold a substantial share interest in Black Hawk Mining Ltd. and a reserved royalty of 5% of the fair market value of any metals and minerals which are recovered from our former leases in Maine which were sold to Black Hawk. The pre-production programme of Kerramerican, Inc. (a Kerr Addison subsidiary) to bring the Black Hawk properties into





production has been proceeding ahead of schedule. The plant has a designed operating rate of 1,000 tons daily and initial production is expected before the end of 1972. Marketing and smelting arrangements are being negotiated for zinc and copper concentrates from the property.

We continued to be involved in the past year in mineral exploration activities, although these were slightly reduced from the previous year. Most of our exploration was carried out through our associated companies in which we hold substantial share equity interests. These include Canadian Malartic Gold Mines and Trinity Chibougamau Mines, each of which has an interest in a large block of claims in the Sturgeon Lake area. The claim block was optioned to Denison Mines which conducted diamond drilling after its programme last year produced a number of drilling targets. Diamond drilling was done this past winter and spring and, although sulphides were encountered, no ore grade material was intersected. Consideration is now being given to possible additional work for 1973.

Through Canadian Malartic Gold Mines and Trinity Chibougamau Mines, we participated indirectly in an investigation of a copper prospect in the Eastmain River area of Northern Quebec. Geological and geophysical surveys and some subsequent diamond drilling were carried out. The drilling indicated the main copper showing to be too small to be of economic interest. The geological environment is attractive and a number of anomalies which were detected by the airborne survey remain to be investigated.

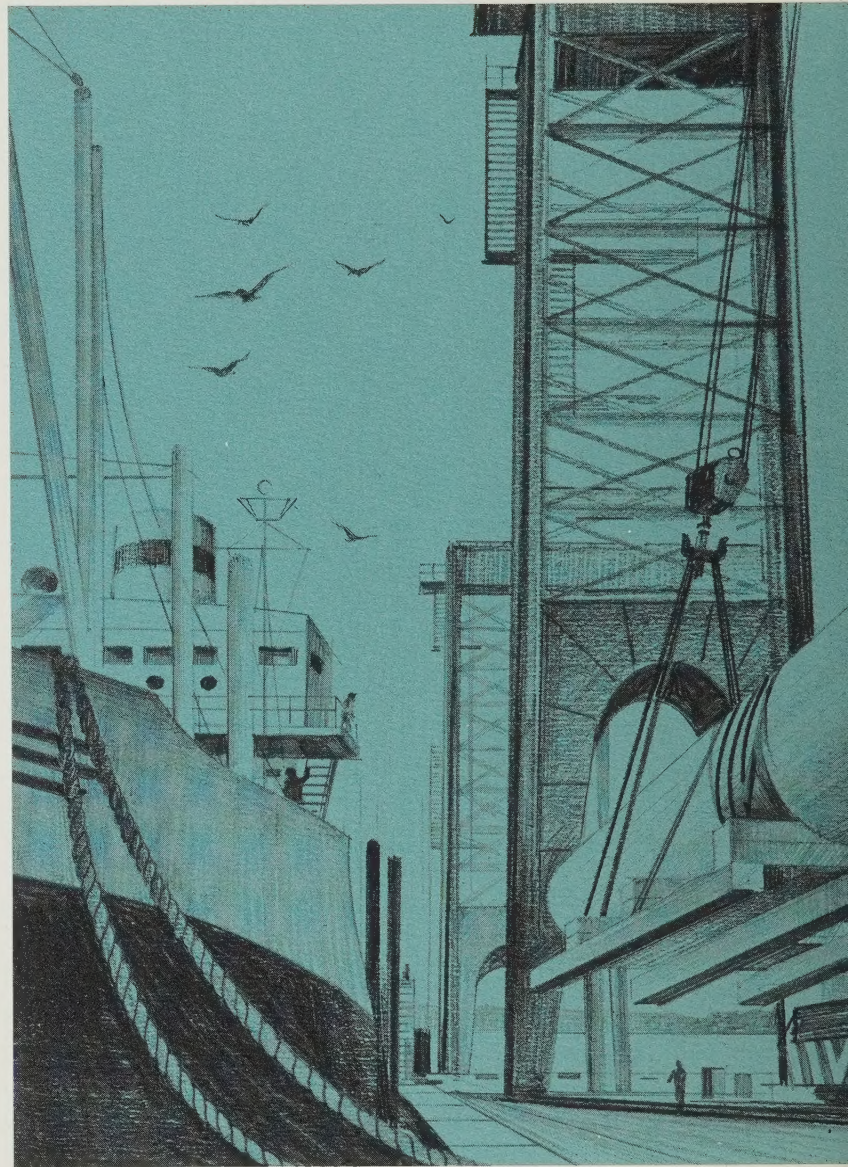
Additionally, diamond drilling was done on certain claim blocks retained from the original SAM project, confirming that no further work is justified. Nothing was done at the Henik Lake project in the Northwest Territories. It will be decided whether or not work should be resumed in 1973.

We continued to examine mineral exploration opportunities throughout Canada and some of the more attractive prospects which have been submitted to date are being considered for 1973 participation.

There has been no change in the status of the law suit in which the Corporation is a plaintiff and which arose from the proposed sale of our interest in Denison Mines Limited in 1970. The judgment of the Ontario Court of Appeal upholding the earlier decision of the Ontario Supreme Court dismissing the action was appealed by the plaintiffs to the Supreme Court of Canada and the appeal has not yet been heard.

In review, the past year has compared quite favourably with prior years. It is our intention to diversify our corporate activity and we are presently studying means by which this can be achieved. However, in view of our Company's background and our association with Denison Mines we shall continue to place primary emphasis in the field of natural resource development. ✓

In the achievement of the proposed diversification it is intended to seek those investments which will provide not only growth for your Company but also an opportunity for participa-





tion in the development of Canadian resources to create more jobs and export trade for Canada. Our shareholders have always indicated their support of management's firm belief that the future of all Canadians is best served through the promotion of the free enterprise system.

It is with great sadness that we record the recent untimely death of Arthur F. Mayne, a close friend and a valued member of the Board of Directors of your Company. Mr. Mayne gave unselfishly of his time and experience and we shall miss his wise counsel.

We wish to thank our shareholders for their support and encouragement in our objective to seek out opportunities which will benefit the Company and contribute to the progress of Canada.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Stephen B. Roman', with a large, stylized loop at the end.

STEPHEN B. ROMAN
Chairman and President.

Toronto, Ontario
September 20, 1972.

ROMAN CORPORATION LIMITED

(INCORPORATED UNDER THE LAWS OF ONTARIO)

Balance Sheet JUNE 30, 1972

ASSETS

Current assets

Marketable securities, at quoted value

Accounts receivable and prepaid expenses

Shares in other companies held for investments

(quoted market value of listed shares, 1972, \$40,643,494; 1971, \$30,274,577)

Office furnishings and leasehold improvements,

at cost, less accumulated depreciation of \$422,612, (1971, \$399,702)

Other assets

Mining properties, at cost

Exploration and development expenditures

Deposits with provincial governments

Life insurance — cash surrender value

LIABILITIES

Current liabilities

Bank demand loan (Note 2)

Accounts payable and accrued expenses

Income taxes (Note 1)

Bank demand loan (Note 2)

SHAREHOLDERS' EQUITY

Capital stock

Authorized

5,000,000 shares without par value

Issued

2,613,000 shares

Contributed surplus

Retained earnings

The accompanying notes are an integral part of this financial statement.

Approved on behalf of the Board,

JOHN S. GRANT, *Director*.

JOSEPH A. PATRICK, *Director*.

	1972	1971
		(Re-stated)
.....	\$ 609,950	\$ 346,044
.....	94,184	74,280
	<u>704,134</u>	<u>420,324</u>
.....	20,639,781	20,319,490
.....	44,768	68,929
.....	5,654	6,286
.....	130,163	186,370
.....	31,478	75,228
.....	<u>113,616</u>	<u>104,119</u>
	280,911	372,003
	<u>\$21,669,594</u>	<u>\$21,180,746</u>
.....	\$ 575,000	\$ 325,000
.....	56,081	37,754
.....	<u>770,907</u>	<u>730,475</u>
	1,401,988	1,093,229
.....	<u>7,395,573</u>	<u>8,154,597</u>
.....	3,806,777	3,806,777
.....	280,598	280,598
.....	<u>8,784,658</u>	<u>7,845,545</u>
	12,872,033	11,932,920
	<u>\$21,669,594</u>	<u>\$21,180,746</u>



Auditors' Report

To the Shareholders,
Roman Corporation Limited.

We have examined the balance sheet of Roman Corporation Limited as at June 30, 1972 and the statements of retained earnings, income and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at June 30, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



EDDIS & ASSOCIATES
Chartered Accountants.

Toronto, Canada,
August 31, 1972.

Notes to the Financial Statements

JUNE 30, 1972

1. Income taxes

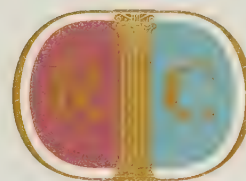
To June 30, 1972, the Company received Federal and Ontario tax reassessments for the taxation years 1962 to 1967, inclusive, including reassessments of the income of certain of the companies which have amalgamated as the Company. The resulting liability for income tax (after deducting recoverable tax of a subsequent year) has been recorded in the Company's accounts and includes tax reassessments for the taxation years 1966 to 1967, in the aggregate sum of \$303,131, which reassessments have been received in the current year. Security has been given to the tax authorities. The Company has disputed, and is disputing, all significant items in these reassessments.

In a decision made March 8, 1972, the Tax Review Board allowed, with the exception of one item of \$32,000, the Company's appeal against the inclusion by the Department of National Revenue, as income of items amounting to \$544,000 in its reassessments made with respect to the taxation years 1963, 1964 and 1965. The Minister of National Revenue has now appealed to the Federal Court of Canada. The Company is contesting the appeal in the belief that the decision of the Board will be upheld.

Pending final resolution of these reassessments and appeals, it is not considered appropriate to set out the composition of special tax categories of retained earnings.

The company has a substantial tax loss carry forward which may be available in future years to reduce taxes otherwise payable.

2. The bank demand loan in the amount of \$7,970,573 is secured by substantially all the shares in other companies held for investment and by the marketable securities. For balance sheet purposes, \$575,000 of this loan has been included in current liabilities, being approximately equivalent to the quoted value of marketable securities.





Statement of Income

FOR THE YEAR ENDED JUNE 30, 1972

Income

Dividends	
Gain from security transactions	
Services and rent	

Operating expenses

Directors' and senior officers' remuneration, as defined in The Business Corporations Act (Ontario)	
Exploration and development expenditures written off	
Interest	
Office rent and administration	
Depreciation	
Consulting fees	

Net income for the year before the undernoted item

Interest on prior years' income taxes

Net income for the year

Net income per share

Statement of Retained Earnings

FOR THE YEAR ENDED JUNE 30, 1972

Balance, beginning of the year

As previously reported	
Adjustments of prior years' income	
Income taxes under appeal and interest thereon	

As restated

Net income for the year

Balance, end of the year

Statement of Source and Application of Funds

FOR THE YEAR ENDED JUNE 30, 1972

Source of funds

Current operations	
Net income for the year	
Depreciation	
Exploration and development expenditures written off	
Mining properties abandoned	
Reduction in deposits	

Application of funds

Exploration and development expenditures	
Purchase of shares for investment	
Additions to fixed assets (net)	
Reduction on bank demand loan	
Acquisition of other assets	
Purchase of mining properties	

Decrease in working capital

Working capital deficiency, beginning of the year

Working capital deficiency, end of the year

The accompanying notes are an integral part of this financial statement.

	1972	1971
		(Re-stated)
.....	\$1,627,832	\$1,623,054
.....	47,283	171,942
.....	221,714	220,584
.....	<u>1,896,829</u>	<u>2,015,580</u>
.....	27,683	28,283
.....	82,902	43,767
.....	523,164	690,194
.....	259,338	202,262
.....	26,343	40,284
.....		5,243
.....	<u>919,430</u>	<u>1,010,033</u>
.....	<u>977,399</u>	<u>1,005,547</u>
.....	38,286	38,286
.....	<u>\$ 939,113</u>	<u>\$ 967,261</u>
.....	<u>\$0.36</u>	<u>\$0.37</u>

.....	\$8,237,760	\$7,232,213
.....	392,215	353,929
.....	7,845,545	6,878,284
.....	939,113	967,261
.....	<u>\$8,784,658</u>	<u>\$7,845,545</u>

.....	\$ 939,113	\$ 967,261
.....	26,343	40,284
.....	76,922	19,811
.....	533	25,914
.....	43,750	47,333
.....	<u>1,086,761</u>	<u>1,100,603</u>
.....	20,716	103,223
.....	320,291	
.....	2,182	9,400
.....	759,024	987,882
.....	9,497	9,643
.....		6,654
.....	<u>1,111,710</u>	<u>1,116,802</u>
.....	24,949	16,199
.....	672,905	656,706
.....	<u>\$ 697,854</u>	<u>\$ 672,905</u>



ANNUAL
REPORT



1972

AR10



INTERIM REPORT

ROMAN CORPORATION LIMITED

SIX MONTHS ENDED DECEMBER 31, 1972

ROMAN CORPORATION LIMITED

4 King Street West, Toronto, Ontario.

TO THE SHAREHOLDERS:

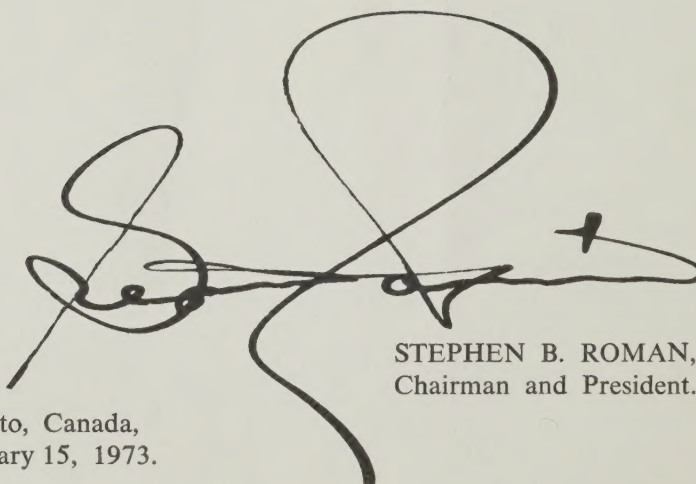
Submitted herewith is the interim report for the six-month period ended December 31, 1972.

Net income for the period was \$570,800 (22¢ per share) compared to \$355,400 (14¢ per share) for the corresponding period in 1971. The increased net income is attributable largely to an improvement in the market value of securities held, profits from securities traded and, to a lesser degree, from a modest reduction in administration and interest costs.

We increased our holdings in Denison Mines by some 8,300 shares during the period, bringing our total holdings to 1,168,805 shares, equivalent to 26.12%. The Denison annual report for the 1972 year shows consolidated net income, after taxes, of \$1.81 per share compared with \$1.66 per share for 1971 on a restated basis.

The zinc-copper mine at Blue Hill, Maine, was brought into production during the fall of 1972 by the joint venture of Kerramerican, Inc. and Black Hawk Mining. Zinc and copper concentrate sale contracts have been arranged and shipments of concentrates have been under way for some time. A milling rate of 1,000 tons per day is expected early in 1973. We hold 396,000 shares of Black Hawk Mining and a reserved 5% royalty on metals and minerals which may be recovered from our former Maine leases which were sold to Black Hawk. Through Canadian Malartic Gold Mines and Trinity Chibougamau Mines, we participated indirectly in the exploration program carried out by Denison Mines in the Sturgeon Lake Area of Ontario. It is understood that Denison, which has earned an interest in the property through exploration expenditures, will propose to the participating companies a diamond drilling program on the remaining untested electromagnetic anomalies.

On behalf of the Board of Directors,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

STEPHEN B. ROMAN,
Chairman and President.

Toronto, Canada,
February 15, 1973.

ROMAN CORPORATION LIMITED

SIX MONTHS ENDED DECEMBER 31

	1972	1971
SUMMARY OF EARNINGS		
Gross income	\$ 962,000	\$ 844,800
Net income before income taxes	570,800	355,400
Taxes on income	NIL	NIL
Net income for the period	<u>570,800</u>	<u>355,400</u>
Net income per share	\$.22	\$.14

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of Funds

Net income for the period	570,800	355,400
Depreciation	5,000	16,400
Disposal (acquisition) of other assets ..	<u>(7,600)</u>	<u>38,100</u>
	<u>568,200</u>	<u>409,900</u>

Application of Funds

Purchase of shares for investment	509,400	304,400
Mineral exploration costs	NIL	23,700
Reduction on bank demand loan	<u>20,600-</u>	<u>265,100</u>
	<u>530,000</u>	<u>593,200</u>
Increase (decrease) in working capital	<u>38,200</u>	<u>(183,300)</u>

The 1971 figures have been restated to give effect to interest costs on income tax re-assessments received in 1972 relating to prior periods.

